



NATIONAL REPORT AFFORDABLE HOUSING

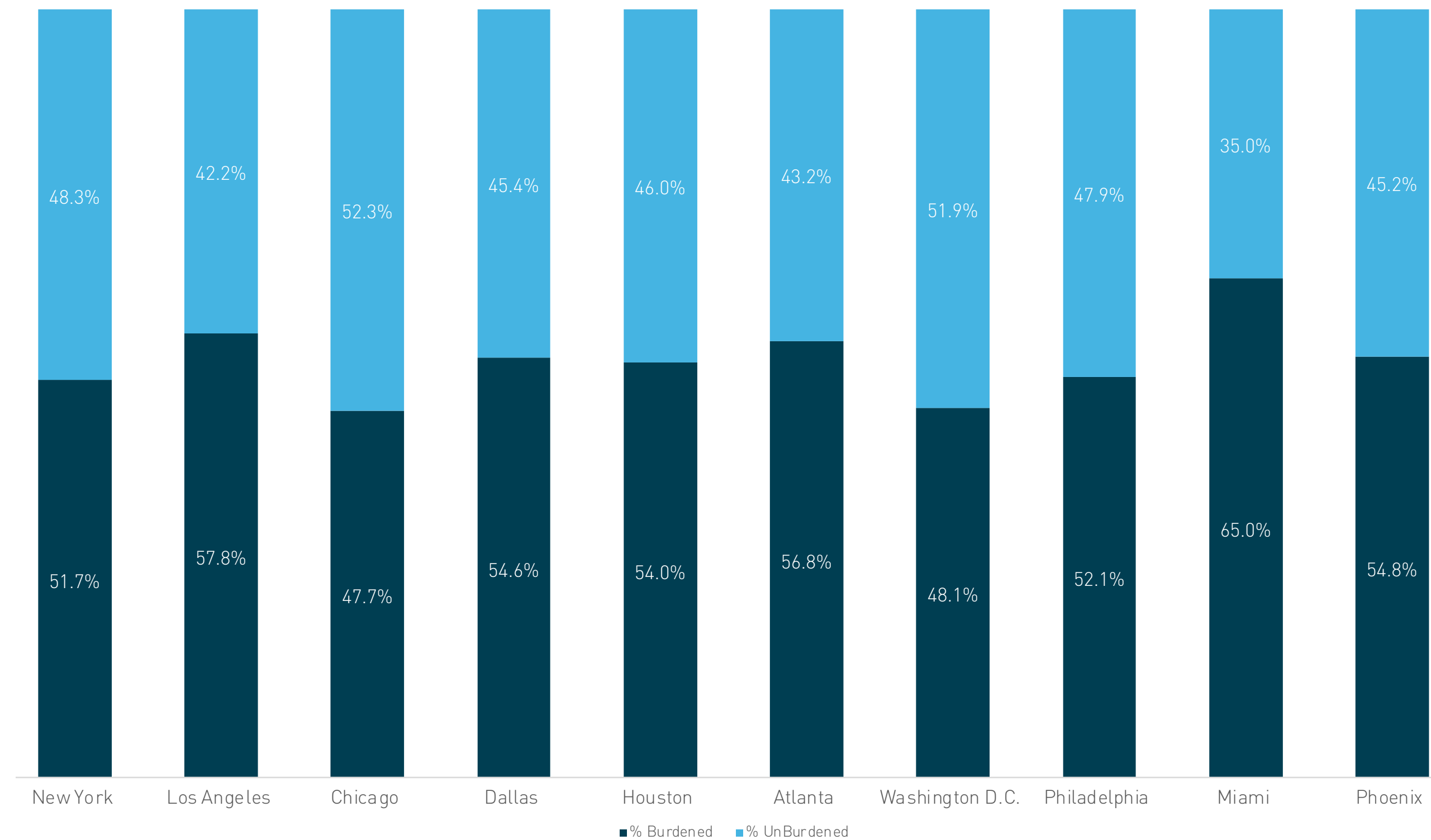
2024 | Q4



NATIONAL

HOUSING AFFORDABILITY IN THE U.S.

Metro Rental Burden by Renter Household



Source: U.S. Census Bureau

Disclaimer: Cost-burdened U.S. renters (spent >30% of income on housing)

22.6M

Cost-Burdened U.S. Renters

Spend >30% of income on housing as of 2022

12.1M

Severely Cost-Burdened U.S. Renters

Spend >50% of income on housing as of 2022

374,497

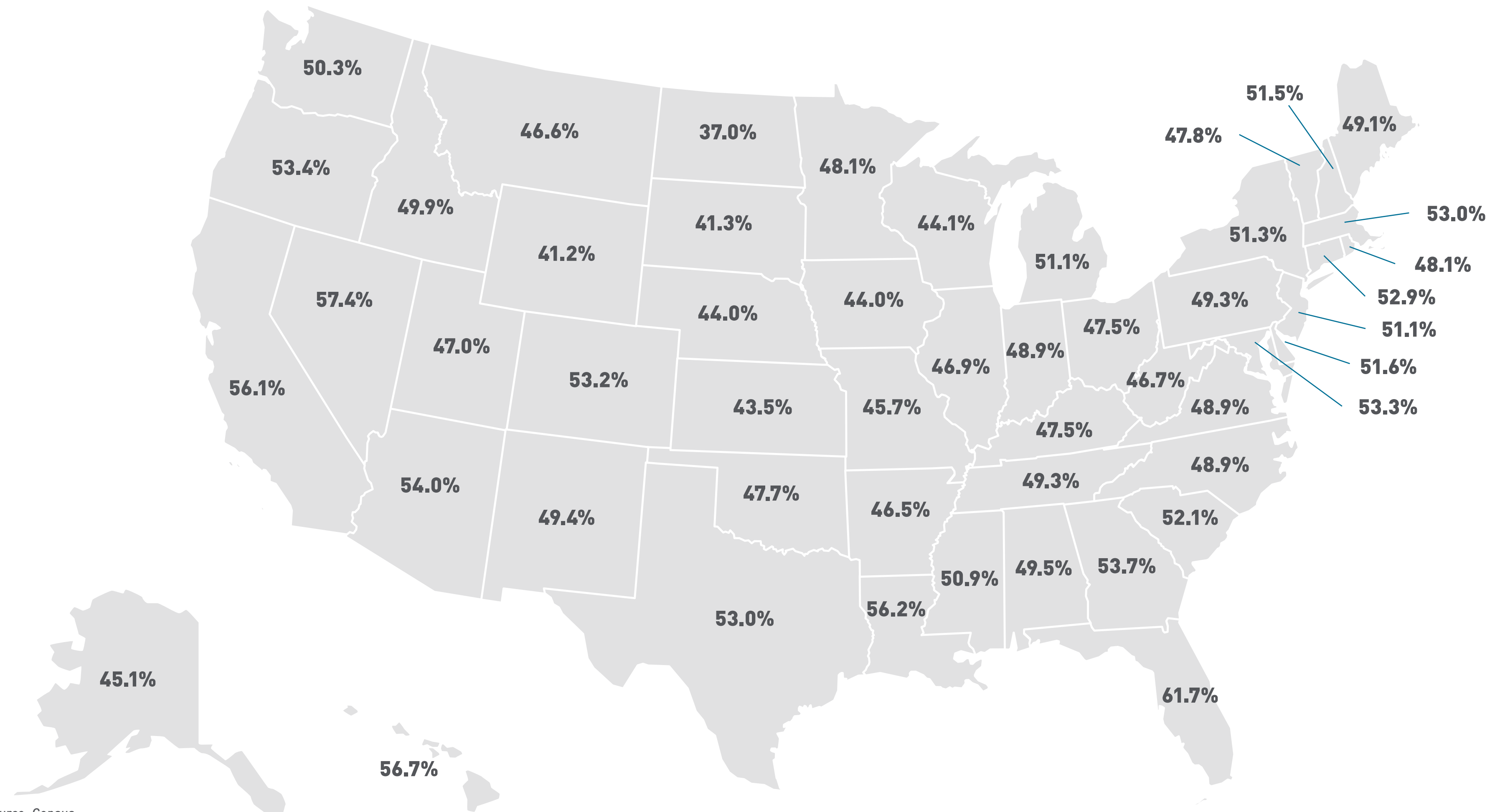
Multifamily Units

Affordability restrictions expiring over the next 5 years



NATIONAL

ALL 50 STATES COST BURDENED



Source: Census

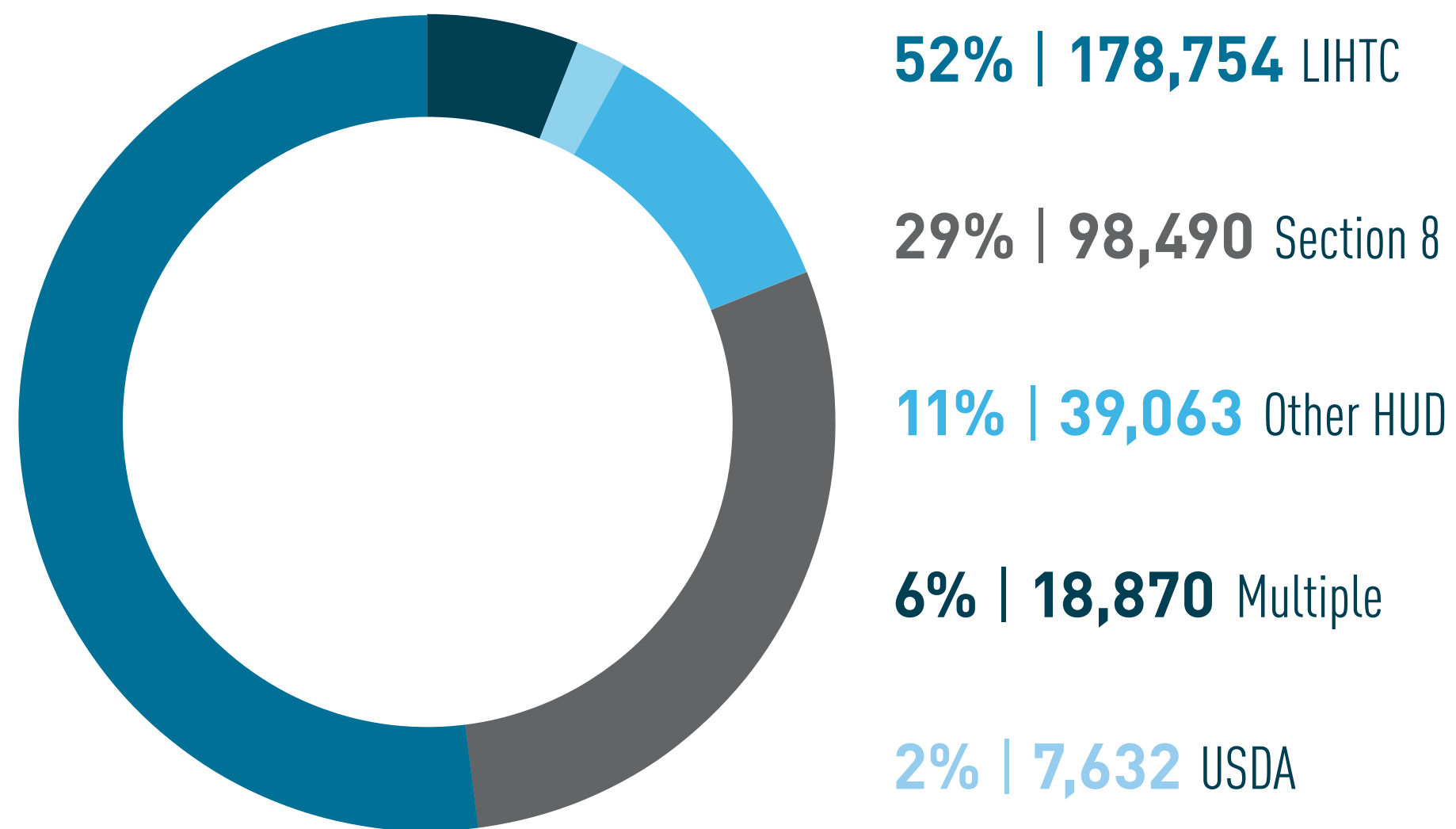
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NATIONAL

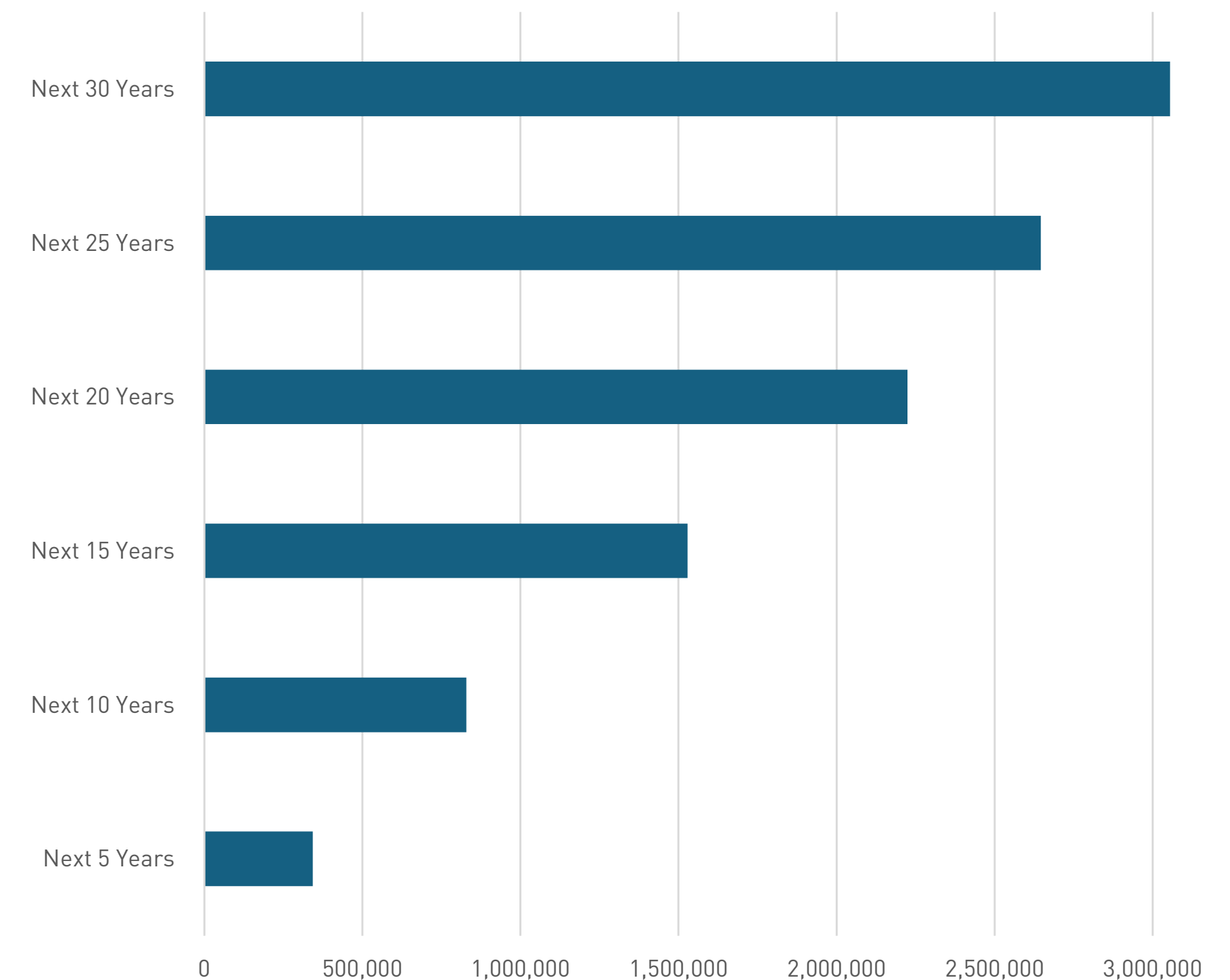
AFFORDABILITY RESTRICTION PROJECTED TO EXPIRE FOR THOUSANDS OF HOMES

Expected Affordable Housing Expirations over the Next Five Years By Program



Source: NHPD

Affordable Units at Risk of Loss

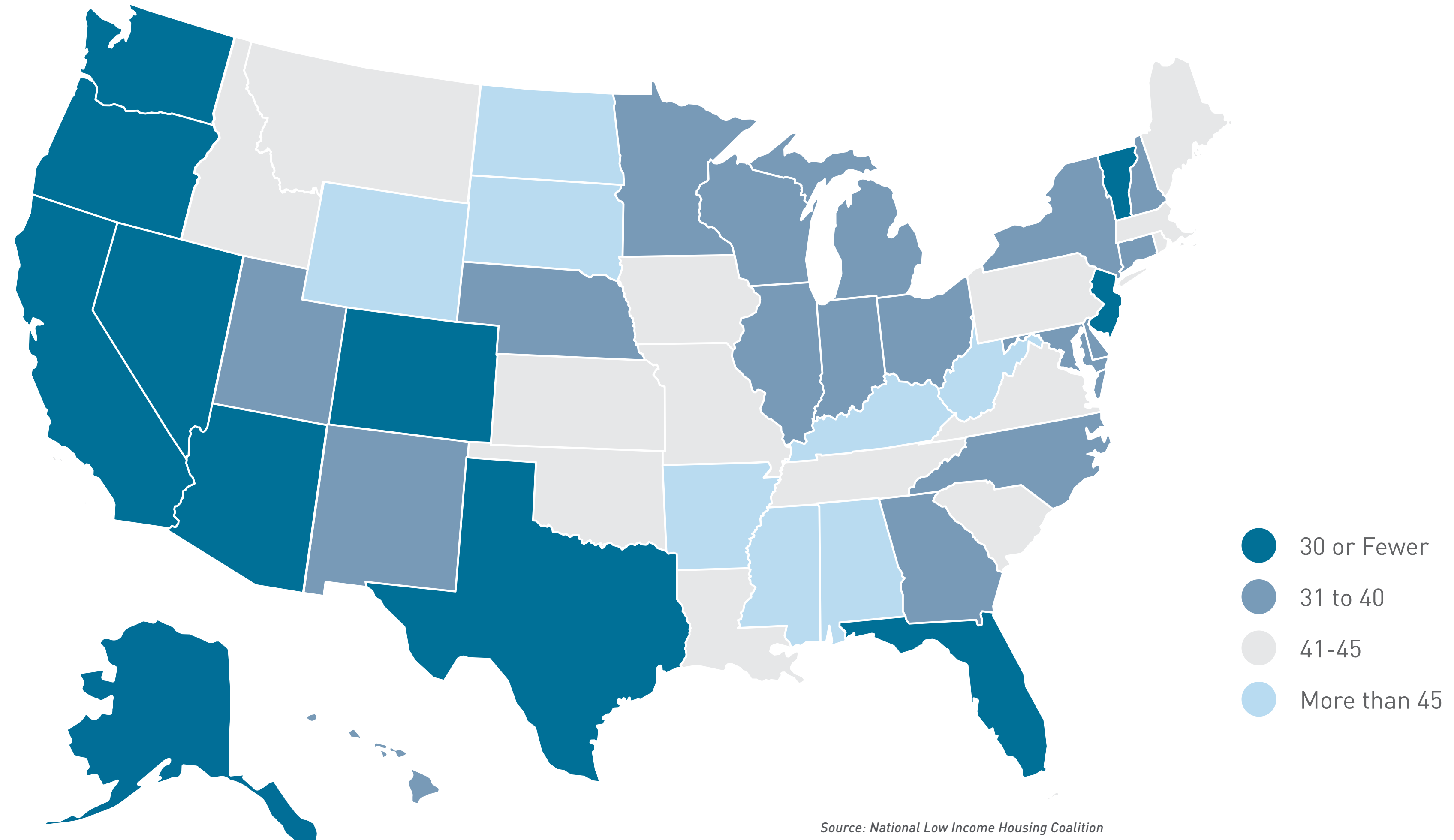




NATIONAL

AFFORDABLE AND AVAILABLE RENTAL HOMES

Per 100 Extremely Low-Income Renter Household



Source: National Low Income Housing Coalition



Jobs Added / Lost*

LAST 12 MONTHS

2,232,000

↑ 1.4%

Unemployment*

DECEMBER 2024

4.1%

↑ 30 BPS YOY

*Seasonally Adjusted

NATIONAL EMPLOYMENT

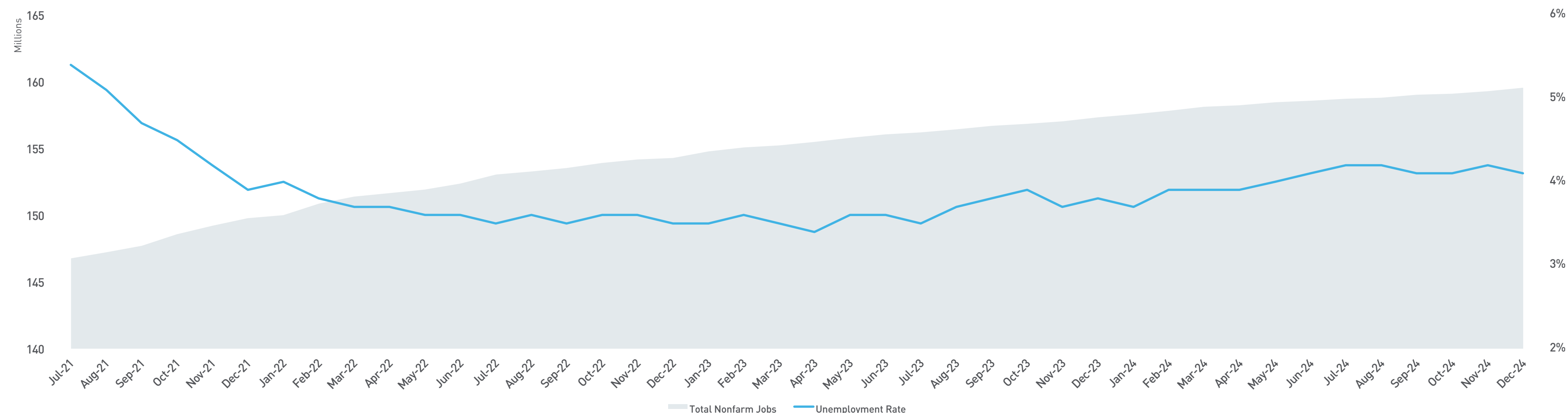
U.S. employers continued to hire, albeit at a slower pace in 2024. After expanding 2.0% in 2023, payrolls grew 1.4% last year. With 186,000 total nonfarm jobs on average added each month in 2024, a significant share was concentrated in the private education and healthcare and the government sectors. The additions in these industries come as a function of the continuous population growth, capped most recently by 0.5% in 2024. Healthcare systems have responded to the additional need for various services in recent years with sustained investments to lead to several hospitals opening across the country in the last year. Some of the larger completions included the \$472 million UT Health San Antonio Multispecialty and Research Hospital

with more than 1,600 medical providers and 800 support staff, the \$357 million replacement hospital at San Antonio State Hospital, and the \$263 million AdventHealth Riverview in Tampa that employs more than 1,000 administrative and clinical team members. The healthcare and social assistance industry should continue to see growth in the near term with announced investments or projects under construction like the \$1.5 billion expansion and modernization of UCSF Benioff Children’s Hospital Oakland, BayCare Health System’s new \$548 million Manatee County hospital, Baptist Health South Florida’s new \$500 million Broward County hospital, the \$255 million Atrium Health University City healthcare campus in North Carolina, and Sentara Health’s \$107 million new hospital in South Boston.

In the News

- 🔗 [Aldi is hiring 13,000 workers in U.S. expansion](#)
- 🔗 [Salesforce to hire more than 1,000 workers to boost AI product sales](#)
- 🔗 [Novo Nordisk eyes 1,000-job expansion in Johnston County](#)

Employment Trends



Source: Moody's Analytics



12/31/24

DELIVERIES
35,324 UNITS

ABSORPTION
25,314 UNITS

NATIONAL DELIVERIES & ABSORPTION

Demand for affordable housing remained strong in 2024, but the sector still faces a massive shortage of units across the country. The National Low Income Housing Coalition (NLIHC) estimates a shortage of 7.3 million units of affordable and available rental homes. As a result, developers are trying to fill the gap. Approximately 35,324 affordable housing units were delivered in 2024, according to CoStar. Over 25,000 units were leased over the same period. Absorption levels nationally in 2024 nearly doubled the annual total for 2023, reflecting the robust demand for affordable housing product.

Much of the demand for affordable housing has risen along the sunbelt region, including in states like California, Florida, Texas, Georgia, Arizona, and North Carolina, which have seen huge spikes in single family home values as well as rental rates since the onset of the Covid-19 pandemic. However, local restrictions on development such as zoning and permitting laws have limited the construction of new affordable housing stock.

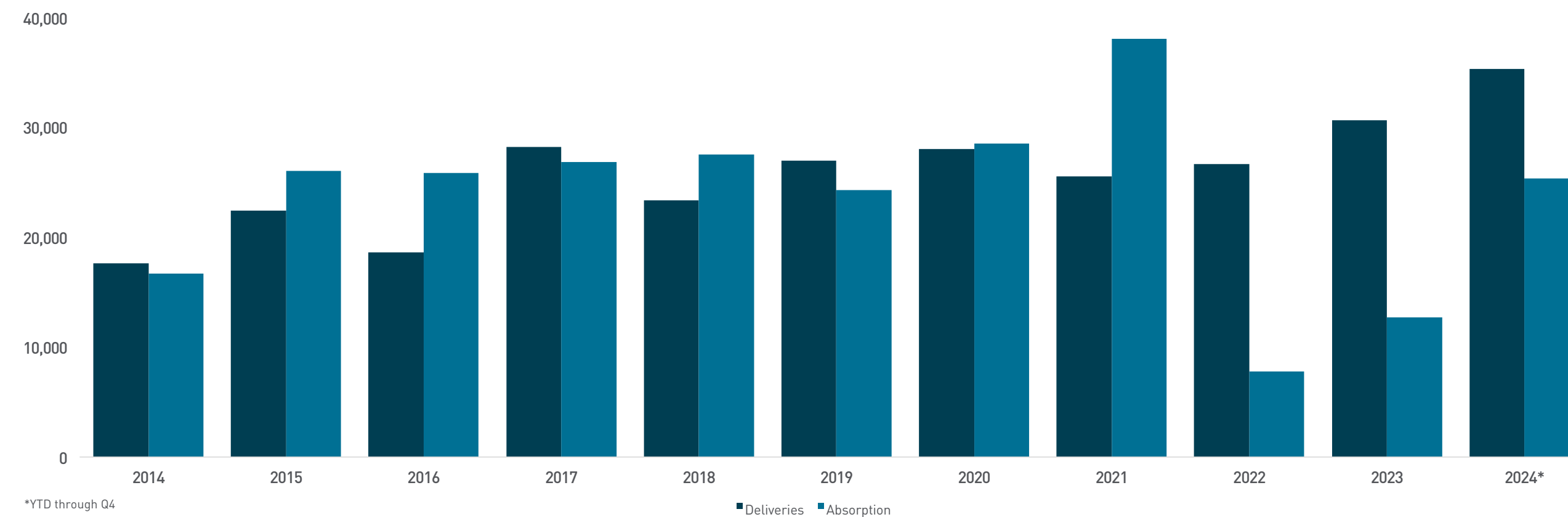
As a result, many states, particularly California and Florida, have taken significant legislative action. For example, Florida enacted the Live Local Act in March 2023, which expedites permit approvals and development orders for affordable housing projects as well as offers tax incentives for low-income housing developments. Meanwhile, California enacted the California Comeback Plan in 2021, which included funding to expedite the construction of affordable multifamily units in projects that were slowed by constraints on the supply of tax-exempt bonds and low-income housing tax credits. California also streamlined environmental reviews, along with making reforms to permitting, approval processes and conversions.

However, the impact of recent weather disasters, such as the fires in Southern California and the hurricanes in Florida, will have a costly impact on the sunbelt region. Insurance costs, which have already spiked over the past few years, are likely to increase even further as providers hike premiums

to compensate for the elevated climate risks or just cease to offer coverage all together in certain areas, as has happened in California. Higher insurance costs will undoubtedly have an adverse effect on affordable housing construction.

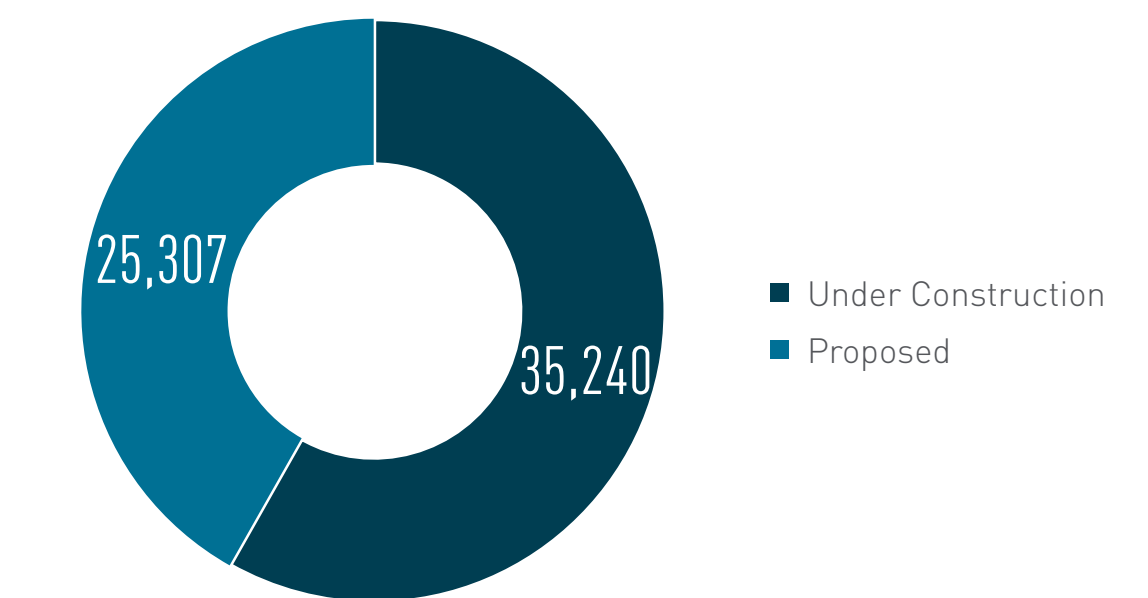
Furthermore, a recent report from Yardi Matrix forecasts that affordable housing deliveries will hit a peak in 2025 before slowing in the following years. New affordable housing starts have declined due to several factors including higher costs of capital, land, insurance, labor and construction materials. Additionally, the National Low Income Housing Coalition's (NLIHC) Picture of Preservation 2024 report shows that affordability restrictions are set to expire for more than 350,000 units over the next five years, potentially remove a significant amount of stock from the market. Despite strong demand for affordable product, it is unlikely that supply will manage to fill the gap in the near future.

Affordable Housing Deliveries & Absorption



Source: CoStar Group, US Census

National Pipeline





NATIONAL

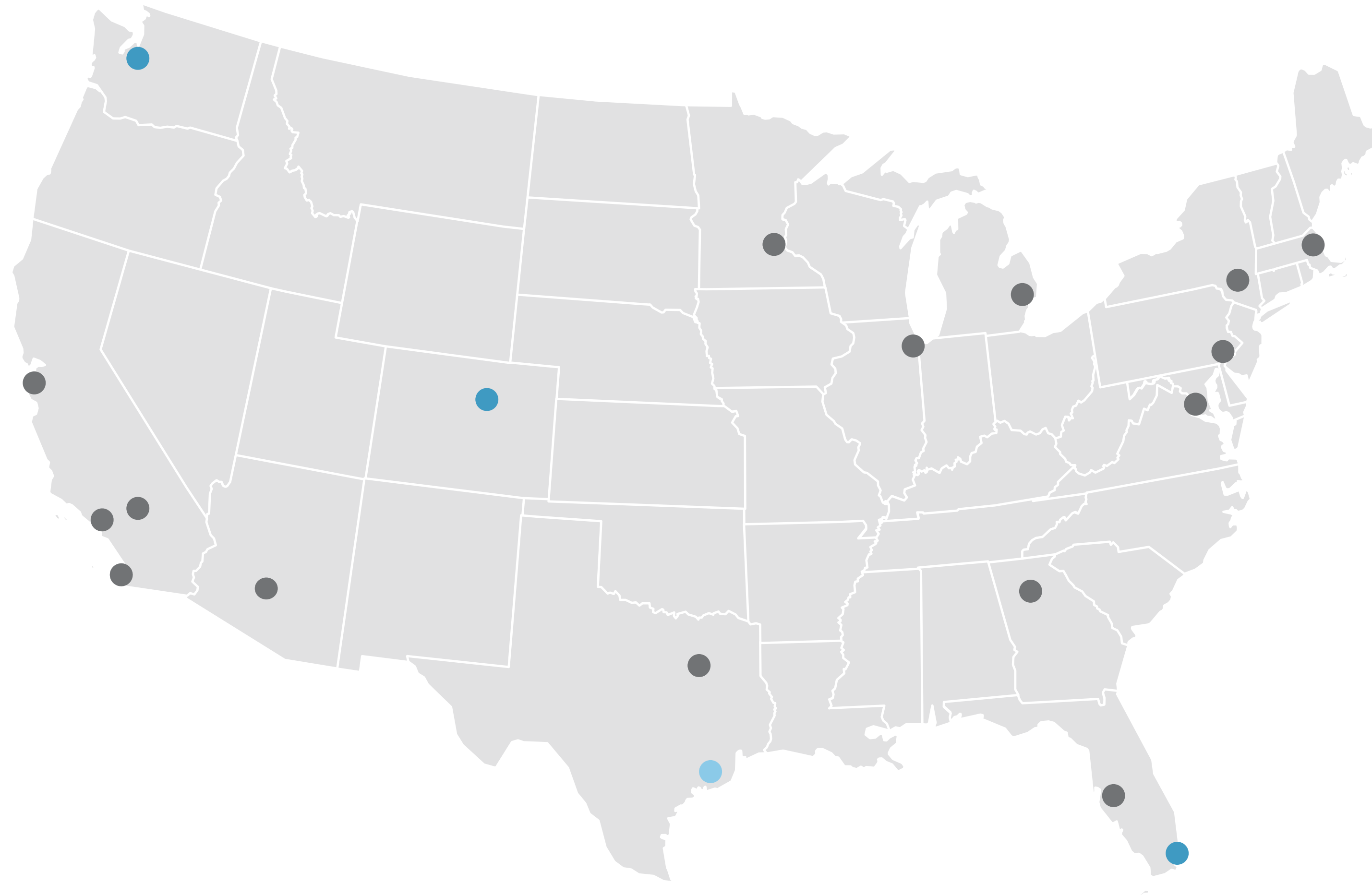
Q4 2024 ANNUAL INVENTORY CHANGE

National Inventory

Q4 2024

2,561,375 UNITS

↑ 1.4% YOY



Notable Markets

Houston	0.0%
Philadelphia	0.1%
Inland Empire	0.9%
Boston	1.0%
Detroit	1.1%
Minneapolis	1.1%
Tampa	1.2%
Chicago	1.3%
Phoenix	1.3%
New York	1.6%
Washington, D.C.	1.7%
San Francisco	2.2%
Dallas	2.2%
San Diego	2.6%
Atlanta	2.6%
Los Angeles	2.7%
Seattle	3.6%
Miami	3.8%
Denver	4.7%

YOY Fair Market Rent Change

- (1.0%) - 0.0%
- 0.1% - 2.9%
- 3.0% - 4.9%
- 5.0% - 9.0%

Source: CoStar Group



Occupancy

Q4 2024

95.5%

↓ -30 BPS YOY

NATIONAL

RENT & OCCUPANCY

Notable Market Performance

MARKET	OCCUPANCY (Q4 24)	YOY (BPS)	FAIR MARKET RENT (FY 25)	YOY
Inland Empire	98.0%	30	\$2,306	14.7%
Washington, D.C.	93.8%	-30	\$2,314	13.2%
Houston	91.5%	-30	\$1,529	12.7%
Dallas	91.1%	-150	\$1,884	7.2%
Tampa	96.9%	-30	\$1,978	6.9%
Detroit	94.0%	0	\$1,378	6.7%
Phoenix	94.7%	-110	\$1,950	3.9%
Minneapolis	96.1%	60	\$1,685	3.9%
Philadelphia	97.0%	-10	\$1,802	3.7%
Los Angeles	97.5%	0	\$2,625	3.2%
Chicago	97.2%	30	\$1,761	2.7%
San Diego	98.2%	30	\$2,881	1.7%
Seattle	91.9%	-180	\$2,671	1.0%
Miami	98.0%	-10	\$2,329	0.2%
Atlanta	89.9%	-80	\$1,830	-0.8%
San Francisco	97.1%	-30	\$3,318	-1.2%
Denver	92.5%	-300	\$2,140	-2.8%
Boston	98.6%	0	\$2,711	-4.1%
New York	99.1%	10	\$2,580	-6.3%

Source: HUD, CoStar Group
Units are Rent Subsidized and Rent Restricted



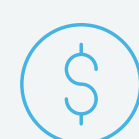
NATIONAL SALES

12/31/24*



VOLUME

\$4.4B



PRICE PER UNIT (AVG)

\$131,324



TRANSACTIONS

459



CAP RATE (AVG)

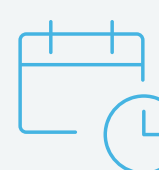
6.4%

What's Trading?*



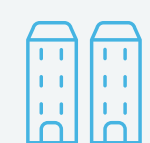
UNITS (AVG)

113



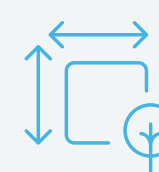
YEAR BUILT (AVG)

1980s



SQUARE FEET (AVG)

106,772



ACRES (AVG)

7.50

*Through December 2024 Units are Rent Restricted and Rent Subsidized.
Source: CoStar Group





Sources: RealPage; Moody's Analytics; Real Capital Analytics ; CoStar Group

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